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Public Practice of Accounting in the Oriental Republic of Uruguay

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Haskins & Sells Foundation

American Institute of Accountants

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PUBLIC PRACTICE OF ACCOUNTING
IN
THE ORIENTAL REPUBLIC OF URUGUAY

Prepared for

AMERICAN INSTITUTE OF ACCOUNTANTS

Under the Auspices of

HASKINS & SELLS FOUNDATION, INC.

By

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THE ORIENTAL REPUBLIC OF URUGUAY

General Information

Geography:

The Oriental Republic of Uruguay, the smallest country of South America, has an area of only 72,153 square miles. It is a buffer state between Brazil on the northeast and Argentina on the southwest, located on the east coast of South America and just north of the La Plata River.

The country is divided into nineteen departments. Montevideo, the capital city, has an officially estimated population of 870,000. It is the largest city, chief seaport, and most important commercial center, and is situated on the extreme southern coast of the Republic. There are eighteen interior cities having populations ranging from 5,000 to 50,000.

People:

Uruguay is the most densely populated country of South America, having over 2,800,000 inhabitants, about one-half of whom live in cities. The composition of Uruguay's population is somewhat similar to that of Argentina, being made up largely of people of Spanish descent, with small percentages of English, French, Italian, and German extractions. Uruguay is the only country in Latin America which has no Indian population. It has one of the lowest illiteracy rates in Latin America. The language of the country is Spanish.

Economy:

Uruguay's tightly knit economy is one of the most stable in all of Latin America, being mainly dependent upon livestock and agriculture. Major exports in order of value are wool, beef, meat products, hides and skins, linseed, wheat, sand and stone.

In the 1949-50 season, the United States took 54 percent of Uruguay's wool crop. The United Kingdom takes most of Uruguay's beef exports. The United States is Uruguay's leading customer, and after Britain, leading supplier. The major imports by Uruguay are machinery, iron and steel products, autos and parts, pharmaceuticals, and petroleum and its products. Wool--which now, with prices high, accounts for four-fifths of United States imports from Uruguay--has been the dynamic element which has brought prosperity to Uruguay once again. Uruguay's trade is widely distributed. Britain has regained her traditional place as number one supplier.

Although the United States took 26.3 percent in value of Uruguay's total exports in 1949, it supplied only 21.4 percent in value of Uruguay's total imports. Such imports included automobiles, refrigerators, radios, medicines and pharmaceutical preparations, and sanitation equipment.

Uruguay has a few industries, notably, a glass factory, tobacco and cigarette factories, textile mills, clothing factories, paper mills, tanneries, and rubber factories. A new sugar refinery was recently completed and production is expected to commence early in 1951.

SECTION I

PUBLIC PRACTICE OF ACCOUNTING BY NATIONALS

Basic Laws and Regulations

The Constitution of 1934 is the basic law which governs the exercise of rights by nationals. The following laws and resolution relate to the practice of accounting in Uruguay:

Law No. 5,566 of April 26, 1917, providing for the appointment of licensed Contadores (Accountants) or Peritos Mercantiles (Mercantile Experts) in judicial proceedings and for governmental positions when accounting knowledge was required.

Resolution of May 20, 1926, relative to revalidation of foreign titles of Contador (Accountant) or Perito Mercantil (Mercantile Expert).

Law of February 2, 1927, regulating the Superior School of Commerce and providing for the diploma of Contador Mercantil Perito (Mercantile Expert Accountant).

Law No. 8,865 of July 1932, creating the Faculty of Economic Sciences and Administration and providing for university degrees of Doctor en Ciencias Economicas y Administracion (Doctor of Economic Sciences and Administration) and Contador Publico (Public Accountant).

Actually, the foregoing laws do not regulate the public practice of accounting -- as the term is understood in the United States -- except as to the use of the title Contador (Accountant).

Concept of the Profession

The profession of public accountant is said to have been created in Uruguay in 1825. Uruguay's twentieth century laws

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which purported to regulate the profession of public accountant merely provided that licensed¹ accountants and mercantile experts should be appointed for governmental positions and in judicial proceedings when accounting knowledge was a requisite. This idea is similar to the concept of the profession in Argentina where, even now, considerable importance is attached to accounting matters related to governmental administration, bankruptcies, estates, and other work designated by the courts. A similar idea prevails in other South American countries.

By the enactment of Law No. 8,865 in July 1932, the profession of Accountant was given the status of a university profession. Since that time no one may use that designation without holding the required university degree. However, the functions attributed to these professional accountants were not then enlarged to include auditing and similar work as performed by public accountants in the United States. Since around 1939 there has been an awareness on the part of the professional accountants for the need to widen the scope of their activities and for the enactment of legislation requiring balance sheets to be certified by licensed Accountants.

Regulatory Authority

There is no governmental authority which regulates the public practice of accounting in Uruguay. The Faculty of Economic Sciences and Administration of the University of the Republic awards the degrees of Doctor in Economics and Administration and

¹ Meaning "titled" accountants.

Public Accountant. A Directive Council of ten honorary members, who serve for a two-year term, govern this Faculty. The College of Doctors in Economic Sciences and Accountants, a non-governmental body, regulates the activities of its members.

Who May Practice

Licensed Accountants:

Uruguayan accountants holding the titles indicated below may practice as licensed Accountants:

University graduates with degrees of-
 Doctor in Economic Sciences and Administration
 Public Accountant

*Non-university graduates with diplomas of-
 Mercantile Expert Accountant
 Accountant

* Issued prior to 1932.

No minimum age is indicated in the laws previously cited, but university graduates are probably at least twenty-one years of age. Uruguayan accountants usually practice as individuals rather than as firms.

Non-licensed Accountants:

There appears to be no legal restriction preventing public practice, either by an individual or a firm, in connection with audits or investigations of private enterprises, so long as the title Contador is not used and documents are not signed for legal or official purposes.

Exercise of the Profession

Definition:

The laws previously cited herein contain no definition as to what is public practice of accounting. They merely provide for the designation of an Accountant in certain instances, i.e., for appointments to governmental positions in which accounting knowledge is needed and in cases before the courts involving estates, bankruptcies, or other matters involving the submission of accounts. The Penal Code prohibits the use or public announcement of the title of Accountant by any person who does not hold the necessary qualifications.

Special Functions:

The special functions attributed to licensed, or titled Accountants are the preparation and signing of all documents or accounts in connection with legal matters and appointment to governmental positions where accounting knowledge is an indispensable requirement. The stepping up in 1932 of the educational requirements -- a university degree -- for Accountants was merely another move in the development of the profession, and no special additional powers were then conferred on university graduates.

Registration

There is no present requirement for registration of Public Accountants. Licenses are not required for persons who wish to engage in public practice, but no one may use the word Contador unless he holds the corresponding degree issued by the University.

Article 1 of the Resolution of May 20, 1926, previously cited, provides for the revalidation of the title of Accountant or Mercantile Expert Accountant issued by educational institutions in countries which were not signatories to the Treaty of 1889. Under the terms of this article, persons holding the respective title issued by institutions in countries other than Argentina, Bolivia, Brazil, Chile, Paraguay, and Peru would be required to take an examination given by the Superior School of Commerce. This School is now the Faculty of Economic Sciences and Administration and is attached to the University.

Uruguayans holding degrees received from institutions in the six countries mentioned in the preceding paragraph are able to have them revalidated without examination, under the provisions of the Treaty of 1889.

Education of Accountants

The Ministry of Public Education is in control of education, and, as is the custom in most Latin American countries, students must take the officially prescribed courses. Since 1932 education on the university level has been a prerequisite for the title of Accountant.

The University of the Republic, also known as the University of Montevideo, provides free instruction to nationals and foreigners alike in all its branches. It is Uruguay's only recognized institution of higher education. Students specializing in account-

ing receive their education in the Faculty of Economic Sciences and Administration.

Admission Requirements:

Completion of the 6-year secondary school work with appropriate specialization in the last 2 years and successful performance in the examinations for the bachillerato are required for admission to the Faculty of Economic Sciences and Administration. In general, it may be said that completion of the 6-year secondary school program in Uruguay corresponds roughly to graduation from an accredited high school in the United States. Students are probably about nineteen years of age when entering the Univers:

Degrees Conferred:

The degree of Public Accountant is awarded upon the satisfactory completion of a 4-year course and after an additional 2-year course the degree of Doctor in Economic Sciences is conferred.

Courses:

The following course of study leads to the degree of Contador Publico (Public Accountant):

	<u>Hours Per Week</u>
First Year-	
General Accounting	3
Professional Practice	3
Mercantile and Financial Calculations I	3
Civil Law I	3
Economic Geography	<u>3</u>
	15
Second Year-	
Applied Accounting	3
Mercantile and Financial Calculations II	3
Civil Law II	4
Commercial Law I	3
Political Economy I	<u>3</u>
	16

	<u>Hours Per Week</u>
Third Year-	
Applied Accounting	3
Professional Practice	3
Commercial Law II	3
Political Economy II	3
Finance I	3
Statistics	3
Industrial and Social Legislation	3
	<u>21</u>
Fourth Year-	
Professional Practice and Ethics	3
Finance II	3
Public Law	3
Organization and Administration of Corporations	3
Accounting for Public Works	3
International Political Economy and Customs Legislation	3
Research Methods*	3
Thesis	<u>1</u>
	22

* Only for students working for doctorate.

Upon completion of the foregoing curriculum, the holder of the degree of Public Accountant may take the following course of study leading to the degree of Doctor in Economic Sciences and Administration:

Fifth Year-	
Seminar	3
Mathematics and Statistics	3
Economics, Politics, and Organization of Finance	3
Economics, Politics, and Organization of the Sources of National Wealth	<u>3</u>
	12
Sixth Year-	
Seminar	3
Economic Dynamics and Semeiology	3
History of Social and Economic Doctrines	<u>3</u>
	12
Thesis	

Examinations:

According to an article on Higher Education in Uruguay, by Cameron D. Ebaugh¹ which was based on a survey made in 1948, "final examinations are given by examining boards of three to five members and are said to be very difficult; many students are obliged to remain in the University longer than the number of years required by the various Faculties."

It has not been possible to obtain any specimens of examinations on the various accounting courses given by the University.

Some Aspects of Practice
With Respect to Corporations

Annual Audits and Statutory Auditors:

Uruguay has no up-to-date laws on corporations. They are still governed by the Commercial Code of the last century and by certain other laws relating to organization, dissolution, and control. No governmental institution is specifically charged with the supervision of the organization and operation of enterprises, although under the terms of the Law of February 7, 1919, corporations and banks are subject to inspection. The Commercial Code requires registration of merchants in the Public Register of Commerce and compels such establishments to keep certain books.

The appointment of an auditor (syndic) to represent the shareholders is not required by law, but in almost all cases of corporations of any size, such an officer exists.

¹ Senior Specialist in Latin American Education, Office of U. S. Education. Dr. Ebaugh has traveled extensively in Latin American countries and studied their educational systems.

Tax Returns:

Commercial and industrial operations, as well as professional activities, are taxed in Uruguay by the so-called "patente de giro" or license. Profits accruing from commerce, industry or other activity carried on in Uruguay by natural or juridical persons in excess of 12 percent of capital invested are subject to an excess profits tax. Sworn declarations must be filed.

Professional Accountants Engaged In Practice

Standards and Code of Ethics:

The College of Doctors in Economic Sciences and Accountants adopted a code of ethics in 1944, outlining principles and standards to be followed by members with respect to society in general, the College, and members thereof.

Members may not delegate work to persons who do not have the required title issued by competent authority. In general, professional practice is subject to the absolute observance of the following rules:

- a) To guard carefully professional secrets and to reveal them only in specific cases and under circumstances authorized by law.
- b) Not to intervene directly or indirectly in the certification or execution of accounting registrations that conceal, falsify or misrepresent the real condition with respect to administrative acts or economic management.
- c) Not to authorize or to certify economic-financial statements, intrinsically or extrinsically irregular, which have not been audited or revised entirely under the direct and personal supervision of the accountant who signs such statements, or of his associates, or of a member of an association and foreign society of accountants duly recognized by competent authority.

- d) Not to issue certifications or to prepare reports for issuance, which falsify or misrepresent facts or factors for the proper solution of the particular cases with which they are concerned.
- e) Not to supply information related with inheritance matters or economic negotiations concerning agencies of public or private administration in which they are exercising professional functions, to any person who shall not be entitled to receive it; but to facilitate, without any restrictions, the information that pertains to every official with direct, executive, or controlling attributions.
- f) To facilitate and to collaborate loyally in the exercise of every function of internal or external control and not to hinder by any means its normal development.
- g) To perform with all natural attributes every function of control that is recommended by agencies of the Judicial Power or of Public or private administration.
- h) To perform efficiently every professional assignment that may be recommended and to do so agreeably.
- i) To strictly observe all laws, regulations, and orders which regulate professional activities.
- j) Not to accept commissions or participations for business which is incidental and which in the exercise of the profession is shared with third parties.
- k) To conform strictly to the professional schedule of fees.

Among the rules applicable to the relation of members to each other, is one which provides that a member must refrain from attracting clients of other members, excepting those who voluntarily request his professional assistance. Also, members must avoid enticing employees of other members without their knowledge, except in the cases of individuals who apply for employment either voluntarily or in response to advertisements.

Independence of Professional Accountants:

The code of ethics above referred to has but one specific rule touching upon independence of professional accountants. This rule provides that in all cases involving expert testimony or arbitration judgments, it is incompatible with proper practice for a professional accountant to act if, with respect to one of the parties, he is related by consanguinity or affinity within the fourth degree; he has a connection by interests, or direct or indirect participation; he has received an important benefit; or he has enmity or amity, manifested by intimate knowledge.

Minimum Fees:

The College of Doctors in Economic Sciences and Public Accountants adopted a "Tariff" (schedule of fees) which governs the value of professional work performed by Mercantile-Expert Accountants and Public Accountants. This schedule was unanimously approved at a meeting of the society held on June 22, 1944. It provides for a scale of fees applicable to civil matters pertaining to estate and inheritance accounts, and for commercial matters including bankruptcies, inventories, balance sheets, certification of accounts, organization of accounting systems, liquidations of civil or commercial companies, and so on.

For work of a professional nature which is not comprised in the schedule and the value of which can not be fixed by comparison with other work, the professional accountant may make a request in writing to the Directive Council of the College for a determination of the appropriate fee.

Number of Professional Accountants in Practice:

The College of Doctors in Economic Sciences and Public Accountants had a membership of approximately 500 as of the beginning of 1951. It is not known how many of the members are in public practice.

Anuario Kraft for 1949 lists 5 Accountants in Montevideo, exclusive of international firms, and about 30 Accountants in other cities of the country. With few exceptions, Uruguayan accountants practice individually, rather than as firms.

Professional Accounting Society

The Colegio de Doctores en Ciencias Economicas y Contadores Publicos del Uruguay (College of Doctors in Economic Sciences and Public Accountants of Uruguay), is located at Avda Agraciada 1464, Montevideo. This society was founded in 1893 and at the beginning of 1951 had about 500 members. Membership is not compulsory, and the society is not an official regulatory body. Membership is restricted to persons who hold the university degrees of Doctor in Economic Sciences and Public Accountant; members pay a monthly subscription of \$3.50 (Uruguayan currency).

The College adopted a Code of Professional Ethics in 1944, which has previously been discussed (page 11).

The official publication of this association, issued quarterly, is Revista de Economia, Finanzas y Administracion (Review of Economics, Finance and Administration).

A representative of the College is on the Coordinating Committee on Professional Ethics for the Second Inter-American Conference on Accounting. The College is a member of the Pan American Union of Technicians in Economic Sciences.

SECTION II

PUBLIC PRACTICE OF ACCOUNTING BY UNITED STATES CITIZENS AND OTHER NON-NATIONALS

Basic Laws and Regulations

Under the Constitution of Uruguay, foreigners enjoy the same civil rights as Uruguayans, except that foreigners may not acquire real property in "security zones." There is no constitutional restriction governing the practice of professions by foreigners. The same laws that relate to practice of accounting by nationals apply to practice by foreigners. Both immigration regulations and labor laws are liberal in Uruguay.

The Treaty between the United States of America and the Oriental Republic of Uruguay which was signed in 1949 has not yet been ratified. This Treaty contains provisions which will govern permanent and temporary practice by United States citizens in Uruguay when the Treaty takes effect. For a further discussion of this subject, see page 20.

Qualification of a United States CPA

By Examination:

Under the laws in force, a United States CPA may qualify for practice by passing the examination given by the University of Uruguay in connection with the revalidation of his United States diploma. The examination is given in two parts. The written

section is based upon accounting, civil law, commercial law, civil proceedings, political economy, and finance. The oral examination may consist of questions on any of these topics. A candidate should have the ability to read and write Spanish.

Cameron D. Ebaugh reported as follows in his article on Higher Education in Uruguay:

North American students desiring to take work at the University of the Republic are admitted for one or more courses (subjects) upon presentation of prime face proof of adequate preparation. On satisfactory completion of the course or courses, a certificate is issued. United States college credits may be transferred to Uruguay, provided the Faculty council is satisfied that the work completed in the United States corresponds to work required of degree students at the Uruguayan University. Because of the highly specialized character of University studies in all years of a degree course, many of the subjects included in the program may properly be regarded as of graduate level in the United States...¹

By Reciprocal Treaty Provisions:

If and when the Treaty of November 23, 1949 is ratified by both the United States and Uruguay, a United States citizen would be able to engage in professional activities subject to national requirements; i.e., qualification of his title. Vice versa, an Uruguayan Public Accountant would be able to practice in any state of the United States provided that he is able to obtain a license therein. There are other provisions relative to temporary practice which will be discussed under that topic.

By Proof of Practical Experience:

As in practically all of the Latin American countries, there is no requirement for experience in public accounting before

¹ Higher Education, Vol. V, No. 6, Washington: U. S. Office of Education, November 15, 1948, p. 67.

a person is permitted to engage in practice as a qualified accountant. Therefore, proof of such experience obtained in the United States or elsewhere would have no bearing on qualification of a United States CPA in Uruguay.

Membership in a Recognized Society:

Membership in a professional society is not compulsory in Uruguay. Membership in a recognized society of professional accountants in the United States would not serve to fulfill the requirements for the title of Accountant in Uruguay.

Permanent Practice

A United States CPA who has obtained permission from the Ministry of Interior of Uruguay for permanent residence may, under the Constitution of Uruguay, establish an office for permanent practice. However, he must have his degree revalidated in the University. A United States accounting firm could establish an office in Uruguay, provided that the principal in charge of such office is qualified under Uruguayan laws. This requirement is based upon legal precedents.

There is no requirement that a resident partner must be a national. A manager of an office as well as staff members must also be qualified. At present there appears to be no prohibition against an Uruguayan Public Accountant engaging in practice with a United States CPA or a United States accounting firm, subject, of course, to the qualification requirements.

Practice may be conducted under a firm name. There is no limitation as to size of staff, and there is no requirement that a fixed proportion of employees must be nationals. Present partners and staff of foreign firms may be replaced but by law the persons replacing them must qualify for practice.

There appear to be no restrictions in effect as to types of engagements that may be undertaken by foreign accountants engaged in public practice in Uruguay.

Isolated Engagements

A United States citizen is not prevented from entering temporarily to perform isolated engagements, provided that he does not represent himself as a Public Accountant and does not sign documents for legal purposes.

Immigration Requirements

Permanent Residence:

Article 36 of the Constitution of Uruguay provides that "entry into the territory of the Republic is free to any person; he may remain therein and depart therefrom with his property, if he obeys the law..." Uruguayan citizenship may be acquired by foreigners after residence (three years for married men and women, and five years for single persons) and application to the Electoral Court. Foreigners may become naturalized without losing their former citizenship.

For permanent residence in Uruguay, application should be made to the Consulate here in this country, who must obtain permission from the Ministry of Interior of Uruguay.

Temporary Entry:

A United States citizen, with a valid passport, may go to Uruguay and remain there for a period of three months, which period may be extended another three months. Temporary status may be changed to permanent status.

Accountants Established In Practice

It is not known whether any United States citizens are engaged in practice as individuals, but the following international firms maintain offices in Montevideo:

Deloitte, Plender, Griffiths & Co.
 Deloitte, Plender, Haskins & Sells
 Price, Waterhouse & Co.
 Price, Waterhouse, Peat & Co.
 Peat, Marwick, Mitchell & Co.
 McAuliffe, Turquand, Youngs & Co.
 Henry Martin & Co.

There is one other firm listed which, judging from the name, might be made up of non-nationals. This firm is Brown and Brown and is listed as Revisadores, Contadores y Peritos Mercantiles (Revisors, Accountants, and Mercantile Experts).

SECTION III

TREATIES AND LEGISLATION PENDING

Treaty between United States and Uruguay:

On November 23, 1949, a Treaty of Friendship, Commerce and Economic Development was entered into by Uruguay with the United States. This treaty was the first agreement of its type to be negotiated by the United States with one of the other American Republics. It is "based in general upon the principles of national and of most-favored-nation treatment unconditionally accorded." The treaty had not been ratified by either Government by the end of 1950.

Of interest to the accounting profession are the provisions relative to rights of entry and rights to engage in economic activities. As to rights of entry, nationals of either country shall be permitted to enter the other and reside there (a) for the purpose of carrying on international trade and (b) for other purposes subject to the immigration laws. These provisions on entry are supplemented by a clause which states that so long as the United States immigration laws remain as liberal as at present, Uruguay will permit United States nationals to enter Uruguay freely.

Article V of the treaty, dealing with activities of persons and companies, is quoted in part below:

1. Nationals and companies of either High Contracting Party shall be accorded, within the territories of the other Party, national treatment with respect to:
 - (a) engaging in commercial, manufacturing, processing, financial, construction, publishing, scientific, religious, philanthropic and professional activities;

. . .

2. Nationals and companies of either Party shall further be accorded, within the territories of the other Party, in cases in which national treatment cannot be granted, most-favored-national treatment with respect to:

(a) exploring for and exploiting mineral deposits;

(b) engaging in fields of economic and cultural activity in addition to those enumerated in sub-paragraph (a) of paragraph 1 of the present Article or in sub-paragraph (a) of the present paragraph;

. . .

4. Nationals and companies of either Party shall be permitted to engage, within the territories of the other Party, technical experts, executive personnel, attorneys, agents and other specialized employees of their choice, regardless of nationality. Technical experts so engaged shall be permitted, among other functions, to make examinations, audits, and technical investigations exclusively for, and to render reports to, such nationals and companies in connection with the planning and operation of their enterprises and enterprises in which they have a financial interest within the territories of such other Party, regardless of the extent to which such experts may have qualified for the practice of a profession within such territories.

The foregoing provisions will become operative when the treaty is ratified by the governments of both countries.

Treaties between Uruguay and Other Countries:

Uruguay was signatory to the Treaty of 1889 with Argentina, Bolivia, Brazil, Chile, Paraguay, and Peru which provided for revalidation of professional titles or diplomas as well as recognition of studies made in these countries. Article 1 of this treaty is quoted below:

Nationals or foreigners who, in whatever of the States, signatories of this treaty, shall have obtained a title or diploma issued by a national competent authority for exercising a liberal or scientific profession shall have it qualified for exercising in the other states.

Under the provisions of this treaty, academic degrees conferred by any of the national universities in Uruguay and the other six countries named shall have the same value as if conferred by the appropriate universities in the other countries. The only documents necessary are: Title or diploma, duly legalized and certificate that the diploma exhibited is accredited to the person in whose favor it has been issued.

Legislation Pending:

In 1939 the Faculty of Economic Sciences of the University sponsored a bill aimed at regulating the profession of Accountant. The bill was not passed. Another bill was introduced to the Congress of Uruguay in 1946, but so far it has not been promulgated as law.

The latter bill has for its motives the extension of the functions of Accountants to embrace economic, social, and financial problems; the regulation of accountancy as a university profession; and the protection of the title of Accountant. The bill contains a provision that only physical persons who hold a degree issued or revalidated by the competent national authority will be able to practice the profession, and another clause providing that, in the case of associations (firms) of professionals, all members must be qualified in order to use the title.

This bill contains many restrictions and under its terms, only qualified accountants would be able to perform accounting work in connection with information or reports submitted to judicial,

administrative, and municipal authorities. Only they would be able to prepare and certify balance sheets, profit-and-loss statements, and any other statements of an economic-financial nature; and to make audits, investigations, transcriptions of accounts and analysis of inventories. In bankruptcies and receiverships, only qualified accountants would be permitted to act as receivers.

This bill would require all domestic corporations and all foreign corporations, their agencies and branches in Uruguay, companies, partnerships, firms, and cooperatives to have their balance sheets, inventories, profit-and-loss statements and all other necessary accounting information certified by a qualified accountant. With respect to corporations whose shares are quoted in the Commercial Exchange, the certification of their balance sheets would have to contain a comment as to whether or not the principles of accounting had been consistently maintained.

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In conclusion, it should be stated that the foregoing study of Public Practice of Accounting in the Oriental Republic of Uruguay has been prepared on the basis of a review of the laws and regulations dealing with accounting practice and other information which has been obtained from sources believed to be reliable. A list of such sources is furnished in the attached appendix.

Sources of Information

American Institute of Accountants, New York, N. Y.

Anuario Kraft, 1949: Guillermo Kraft, Ltda., Buenos Aires, Argentina.

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Universities of the World Outside U.S.A. 1950, American Council of Education, Washington, D. C.

MEMORANDUM RE PUBLIC PRACTICE OF ACCOUNTING IN THE
ORIENTAL REPUBLIC OF URUGUAY

Status of Profession:

✓ Contador Publico (Public Accountant) and Doctor en Ciencias Economicas y Administracion (Doctor in Economic Sciences and Administration) are regarded as "liberal" professions to the extent of engaging in the specific functions attributed to them by law. The concept of public accounting in Uruguay seems to follow that of Argentina where considerable importance is attached to accounting matters related to governmental administration, bankruptcies, estates, and other work designated by the courts. However, there is an awareness of the need to widen the scope of professional activities and for the enactment of legislation requiring balance sheets of corporations to be certified by licensed accountants.

✓ Regulatory Laws:

Various laws dating from 1917 to 1932 relate to designations of licensed accountants in connection with governmental positions and in judicial matters when accounting knowledge is a prerequisite. Actually, there is no law in force which regulates the public practice of accounting, as the term is used and understood in the United States. There is nothing to prevent a person engaging in public accounting, but he may not use the title Contador.

✓ Regulatory Authority:

There is no regulatory authority for accountants engaged in public practice, and registration is not necessary.

✓ Requirements for Practice:

Citizenship is not a condition. To practice as a Contador, a university degree is required. No minimum age is stipulated, but university graduates probably are over 21 years of age.

The university degree constitutes a license to practice; practical experience is not required for the title; and no examinations are necessary, other than those taken by degree candidates. Persons who hold foreign degrees must submit to university examinations before such degrees are revalidated.

✓ Professional Accountants in Practice:

Exact figures as to the number of accountants engaged in public practice in Uruguay are not available. Anuario Kraft, a commercial directory, lists only about 5 Accountants in Montevideo and about 30 in other cities throughout the country. However, membership in the accounting societies is believed to be around 280.

Information is not available as to the standards of practice of the professional accountants of Uruguay. The Colegio de Doctores en Ciencias Economicas y Contadores Publicos del Uruguay (College of Doctors in Economic Sciences and Public Accountants of Uruguay) in Montevideo represents the professional accountants. Membership is not compulsory. This society adopted a Code of Ethics in 1944 applicable to its members. Also, a "tariff" or schedule of fees was adopted by the society in 1944. (Fees are usually based on a percentage of capital or profits.) Accountants are permitted to advertise.

The Colegio publishes quarterly Revista de Economia, Finanzas y Administracion (Review of Economy, Finance and Administration).

A representative of this society is a member of the Coordinating Committee on Professional Ethics for the Second Inter-American Conference on Accounting.

✓ Practice by United States Citizens or Firms:

In order to establish an office for the permanent practice of accounting in Uruguay, a United States citizen would have to obtain permission from the Ministry of Interior of Uruguay for permanent residence and also have his degree revalidated in the University. Under the terms of a treaty entered into by the United States with Uruguay in 1949 (but not ratified by either country as of June 1951), United States citizens would be permitted to engage in professional activities in Uruguay, subject to national treatment with respect to professions.

Annual audits of corporations are not required. Therefore, there is no restriction against United States citizens or accounting firms engaging in public accounting in Uruguay on a temporary basis so long as they do not represent themselves as Public Accountants and sign documents for legal purposes.

✓ Treaties and Legislation Pending:

Reference has been made above to the Treaty between the United States and Uruguay which was signed in 1949 but which is not ratified. Provisions are included therein which would protect the rights of

United States citizens and United States accounting firms to perform work in Uruguay in connection with enterprises in which United States capital is invested.

A proposed law was presented in October 1946 to the Senate by one of the leading Public Accountants of Uruguay, containing provisions for audits to be made only by licensed Accountants. The bill also had provisions for publication of financial statements and restrictions as to both public and private practice of accounting. Apparently, this bill is still being studied by the Senate Committee of Public Instruction.